C5250-2 5/20/83

SOFT DRINKS □ BEER □ BOTTLED WATER □ WINE □ POWDERS □ JUICES □ SPIRITS

MAY 20, 1983

Beverage Industry

MARKETING □ DISTRIBUTION □ TECHNOLOGY

AN HBJ PUBLICATION

Brewers, wholesalers push for Malt Beverage Act

WASHINGTON, DC—After examining recent state court decisions concerning territorial agreements, brewers and wholesalers have concluded that they will need some national legislation to protect them from antitrust attack for such marketing arrangements. Consequently, the Malt Beverage Interbrand Competition Act (H.R. 2262) is once again in the hopper.

The bill allows for territorial agreements "provided that those beverages are in substantial and effective competition with other malt beverage products within defined geographic area."

The measure specifies that it will not invalidate or affect provisions of state laws, thereby enabling states to "retain their authority to control the distribution and sale of beer and other malt products in whatever ways they deem appropriate," said Rep. Jack Brooks (D-TX), the bill's sponsor in both the 97th and 98th Congresses.

Brewers and wholesalers contend that the legislation will lessen the likelihood of antitrust suits being filed to challenge the legality of territorial agreements, said Frank McNeirney, director of communications for the National Beer Wholesalers Association.

He cited a recent case in New Jersey where the wine and spirits retailers have sued the state's beer wholesalers, their state association and 20 brewers, alleging that they used territories to artificially raise prices. "This is the type of suit that could arise again. But if the bill is passed, it will confirm the legality of these agreements," McNeirney noted.

A companion bill is expected to be introduced in the Senate shortly. While the legislation had many cosponsors in the last Congress, it got stalled in both the House and Senate Judiciary Committees, whose leaders opposed it.

FDA readies OK on aspartame in SDs

WASHINGTON, DC—Soft drink manufacturers would not be presumptuous in anticipating approval for future use of aspartame in their products.

Sources at the Food and Drug Administration (FDA) indicate that it "looks promising" that the agency will approve use of the artificial sweetener in soft drinks "soon."

Aspartame manufacturer Searle & Co. petitioned FDA last August to extend its approval for tabletop use of the sweetener to carbonated beverages.

According to agency procedures, FDA had 90 days to respond to the company, but it realized it could not render a decision in early December and extended its review an additional 90 days.

Technically, Searle should have received an answer from FDA in early March. But at presstime, the agency was still "completing administrative work" on the petition after evaluating additional toxicological data on aspartame.

During its review, FDA had received one comment asking that it examine some of the byproducts formed when aspartame decomposes before reaching a final decision. Another commenter urged that Searle's petition be denied because existing data on aspartame's use in soft drinks, based on the Canadian experience, did not establish a "reasonable certainty" that it posed no harm to consumers.

Despite these caveats, a final decision in Searle's favor is expected shortly, sources say.

BI Package of the Week

The Saving Case, developed by Pak-Master Mfg. Co., and test marketed by Pepsi-Cola Bottling Co. of Pensacola, is designed to hold 8-2 liter plastic bottles. The carrier is made of corrugated cardboard and is less materi-

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Only water, soft drinks show per capita increase

SPECIAL REPORT—The 1982 recession and decrease in consumer spending has finally showed an impact on beverage consumption in the U.S.

Preliminary per capita consumption figures for 1982 indicate that only soft drinks and bottled water showed any gains during a period considered the worst recession in this country since 1974.

According to **Beverage Industry's** Director of Research/Statistics John Maxwell, because of the weak economy purchasers also drank more imputed (tap) water for the first time since 1974.

The increases experienced by soft drinks and bottled and tap water came at the expense of coffee, beer, milk, juice, tea and distilled spirits. Powdered beverages and wine remained flat.

While per capita consumption of soft drinks increased from 39.5 gallons to 40.1 gallons, Maxwell noted that the majority of the increase came at the beginning of the year with the second half of '82 and the first quarter of '83 being flat. This trend, however, is expected to reverse itself as the economy strengthens and as the soft drink industry continues to introduce new brands.

It appears that both diet and caffeine-free soft drinks

(Continued on page 32)

BI Week

• Caffeine free versions of Coke, diet Coke and Tab rolled out earlier this month in Denver and Salt Lake City markets. Coke President Brian Dyson sees caffeine free cola segment at 15% of market by year end '84 with Coke brands controlling half of that. 80% national penetration expected by end of '83. Advertising for new caffeine free brands includes 30 second introductory commercials and 10 second tags added to main thrust commercials for regular brands.

• The judge's decision in the Coke bottlers hearing was still being awaited at presstime. The hearing on

(Continued on page 42)

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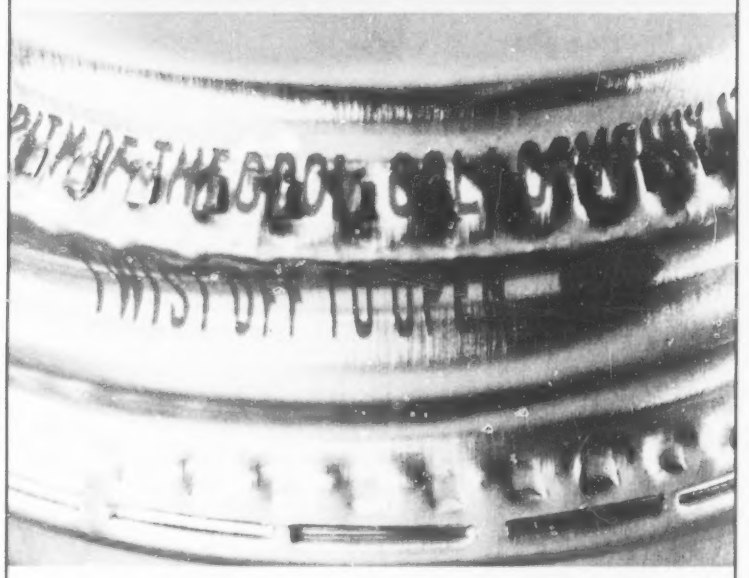

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Vending mix (billion units)

Package	1980	1981	1982	1983	1984	1985
PLSSG	Nil	1.18	1.88	2.42	2.99	3.60
Refillable glass	3.03	2.39	2.33	2.23	2.00	1.55
Plain Non-refillable glass	1.41	1.00	0.50	0.20	—	—
Glass Total	4.44	4.57	4.71	4.85	4.99	5.15
Can Total	7.14	7.31	7.53	7.75	7.99	8.23
Vending Total	**11.58**	**11.88**	**12.24**	**12.60**	**12.98**	**13.38**

Source: Joe Cavanagh Associates

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Container type	Empty container cost per unit	Empty container cost per ounce	Filled container cost per unit	Filled container cost per ounce
12 oz. metal can	10.0¢	0.833¢	14.8¢	1.23¢
10 oz. PLSSG	7.0¢	0.700¢	11.0¢	1.10¢
16 oz. PLSSG	9.0¢	0.563¢	15.4¢	0.96¢
2-L PET	29.5¢	0.436¢	56.5¢	0.84¢

Source: Joe Cavanagh Associates

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Glass: vending package for the 80's?

By **Joseph C. Cavanagh,** president, **Joe Cavanagh Associates**

Based on a copyrighted paper given at Ryder Conference '83 "Seventh Annual International Conference on Oriented Plastic Containers." A complete set of the papers presented is available from Ryder Associates, (5 Sharon Drive, Whippany, NJ 07981) for $210 (US); $235 (foreign).

By conventional definition, single-service soft drink containers is a total market segment of more than 40 billion unit sales annually. It includes metal cans (about 26 billion, mostly 12 oz.), plastic PET bottles (less than half-billion .5-L), and three types of glass bottles, all .5-L or smaller.

Most of the 5 billion refillable glass bottles are 16 oz. size. The 1.5 billion plain nonrefillable glass is split between 10 and 16 oz. Finally, the fastest growing single-service container in both 10 and 16 oz. size is the prelabeled single-service glass (PLSSG) bottle, estimated at over 7 billion units in 1982.

A year ago, I forecasted that .5-L PET bottles could capture about 7.3% of the market, or about 3.5 billion units by 1985. This was hedged somewhat, at the time, by concern over the ability of the plastic bottle makers to find an economic solution to the shelf-life problem; and their ability and willingness to make the necessary investment.

At present, however, the shelf life problems do not appear to have been solved; the necessary capital investments have not been made, and as far as 1985 is concerned, time is running out.

PET is not likely to reach a level of more than a 5.2% share of a market, or 2.5 billion units; PLSSG is displacing plain, non-refillable and refillable glass at an even faster rate and should reach a 29.3% market share or 14 billion units; metal cans should lose less market share to a level of 60% or 28.9 billion units.

Within the single-service soft drink market are several sub-markets, each with its own specific requirements. These sub-markets are often broadly classified as off-premise markets and on-premise markets.

Supermarkets, beverage distributors, delicatessens, Mom and Pop stores are generally considered to belong to the off-premise market, where single-service beverages are purchased in six and 12 packs or full cases for consumption elsewhere, usually at home.

The metal can has about 48% of this market, refillables about 28% and nonrefillables (mostly PLSSG) about 23%. Half-liter PET is still under 1%.

In total, this sub-market accounts for over 20 billion units, or about half of all single-service units sold.

The on-premise market includes bar and restaurants where a wide variety of packaged soft drinks are sold.

This does not include fast-food outlets, which, almost without exception serve premixed or post-mixed bulk drinks in paper cups. The packaged on-premise submarket was once dominated by refillable glass bottles, but is rapidly being replaced by 10 oz. and 16 oz. PLSSG, with very little can usage.

vending

An additional major submarket for packaged soft drink sales is the vending market. The packaged soft drink vending machine commands a special category, bridging on-premise locations and other food service establishments, as well as shopping plazas, gasoline stations and more than 38,000 convenience stores, which offer single-unit cold bottle or cans sales through coin-operated vending machines .

The first 30 years of soft drink vending was composed of 100% refillable bottles, mostly 6½-oz. in capacity, sold at 5¢, and sold mostly by Coca-Cola bottlers.

In 1964 two significant events occurred to change matters. Prices generally went to a dime, with a variety of glass bottle sizes and shapes introduced with capacities ranging from 6 to 16 oz. Of greater significance, however, was the introduction of metal can vendors, initially at 10¢, but soon rising to 15¢ for 12 oz. of product.

The metal can vendor became an instant success story, and, by 1970, soft drink vending had become a $1 billion retail market with cans capturing 32% of unit sales, 38% of the dollar sales with only 24% of the approximately 1 million vending machines on location in the U.S.

By 1980, the metal can share rose to 62% of an 11.5 billion unit volume; 69% of an almost $4 billion volume; with only 47% of the 1.5 million machines on location.

From a can manufacturing standpoint, this volume of over 7 billion cans represented about 28% of all soft drink cans shipped in 1980.

From a glass making standpoint, however, the estimated 4.4 billion units vended were only two-thirds refillable glass, and therefore required only about 1.6 billion units of new glass bottles. Metal cans were outperforming glass in the vending sector close to 4½ to 1.

Virtually every survey that

About the Author

A native of New York City, Cavanagh attended Queens College, City College and Fordham University, and graduated with a B.S. in Chemistry.

Cavanagh has served in various executive positions with Kienle & Co., the American Can Co., Consolidated Cork and Midland Glass.

In 1977, he founded the packaging consulting firm of Joe Cavanagh Associates, which provides a variety of services to many leading packaging companies, chemical producers and machinery makers. Cavanagh is a professional member of the Packaging Institute, USA.

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Glass and can vending margins

Container	10 oz. PLSSG	12 oz. Can	16 oz. PLSSG	10 oz. PLSSG	12 oz. Can	16 oz. PLSSG
Unit vended price	35¢	40¢	45¢	40¢	45¢	50¢
Vended price per ounce	3.5¢	3.35¢	2.813¢	4.0¢	3.75¢	3.125¢
Margin per unit	24¢	25¢	30¢	29¢	30¢	35¢
Margin per ounce	2.4¢	2.1¢	1.8¢	2.9¢	2.5¢	2.2¢
Margin as a percent of product and package cost	218%	170%	192%	264%	204%	225%

Source: Joe Cavanagh Associates

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I have seen over the years has indicated that consumers overwhelmingly prefer soft drinks directly from a glass bottle rather than a metal can, when a choice is available. The overall soft drink vending machine market was obviously running counter to this proposition.

There are several reasons that help to explain this anomaly in soft drink vending:

- Unlike can vendors, which were standardized to accept a single 12 oz. can size, glass vending machines were built in a wide variety of sizes and shapes, with each machine often limited to a single product.
- Can vending machines could hold up to three times as many units over glass, thus making them more efficient from a servicing standpoint, and less likely to run out of product.
- Most glass vending machines were designed for refillable bottles, which are low-cost packages only when the bottles are returned for refilling for at least a dozen trips. If refillable bottles are carried away from the machine and disappear from the float, they become the most costly form of packaging.

standardize

The answer, of course, was to standardize the bottle size and shape, so that machines could be built to hold more bottles, and the same machine design could be built for all soft drink brands.

Actually, a standardized pre-labeled nonrefillable bottle shape was developed in two single-service sizes. Ten-oz. PLSSG can be stacked for vending with essentially the same number of units as a 12-oz. can vendor. The 16-oz. PLSSG vendors hold roughly three-fourths as many units as can vending machines, putting glass essentially at parity with cans.

In order to get this program off the ground, 12 major glass bottle makers formed the Glass Vending Assn. in 1980. In addition to working with vending machine manufacturers to build more efficient machines, from the sale of PLSSG, to bottlers to assist them in purchasing approved bottle vending machines; change parts for other machines; and more recently, certain types of shelf organizers for use in convenience store cold bottle display cases.

In 1981, the first year of the operation, about 6,000 new PLSSG qualifying vending machines were installed plus about 66,000 machine conversions. The second year produced about 12,000 new approved machines plus over 150,000 conversions. As of January 1, 1983, it is estimated that over 20,000 new PLSSG vendors are in place with over 230,000 converted machines on location. There still remains over 500,000 old-type glass machines.

The success of PLSSG in the vending market can be shown by its growth from essentially zero unit volume in 1980 to 1.18 billion in 1981, and 1.88 billion in 1982, and projected 1.42 billion units in 1983.

Most of this growth came from displacement of refillable glass; some plain nonrefillable glass, and a slowdown in the growth rate of metal cans. As additional new PLSSG vendors are installed, and additional conversions are made, PLSSG is expected to continue to

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Single service soft drink containers 1982-1985

Container type	Market Share		Billion Units	
	1982	1985	1982	1985
Metal cans	65.2%	60.3%	25.9	28.9
Pre labeled single service glass	17.6%	29.3%	7.0	14.0
Refillable glass	12.6%	4.2%	5.0*	2.0*
Plain non refillable glass	3.8%	1.0%	1.5	0.5
PET .5-L Plastic	0.8%	5.2%	0.3	2.5
Total fillings	100.0%	100.0%	39.7	47.9
Total new container shipments	100.0%	100.0%	35.2*	46.1*

*Assuming 10 trips; only 500 million for 1982, and 200 million for 1985, new bottles required.

Source: Joe Cavanagh Associates

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gain market share in the vending sector.

market strategy

By being able to price bracket the 12 oz. can with efficient 10 and 16 oz. vended bottles, the bottler gains a great deal of pricing flexibility and opportunity for profit in the vending market.

First, it should be pointed out, that the vending machine market is essentially a full-selling price market without the competitive discounting, couponing and other price-dealing that is prevalent in the supermarket business, especially with the family size 2-L bottle.

There are, of course, distribution costs, rental payments, etc., that are peculiar to vending, but for the most part, these costs are negotiated on a reasonable long-term basis, or depend on the efficiency of the bottlers own operations, and therefore are under his control.

bottler/parent relationship

The parent company-franchise bottler system that exists in the soft drink industry has led to some strange relationships between the parent and the bottler, and some strained relationships, when the objectives of both parties do not coincide.

For example:

- The parent company sells the bottler a flavor concentrate, or in some cases, concentrate with sweetener added; it's generally called syrup. Concentrate costs range from about 15/100 of a cent per fluid oz. of final product. Syrup costs are about 36/100 of a cent per ounce of finished product. The objective of the parent company is to maximize the sale of concentrate or syrup sales volume.
- The bottler who buys concentrate must also buy his sugar and/or corn sweetener at a cost of between 16/100 and 2/10 of a cent per oz. In addition, both the concentrate bottler and the syrup bottler buy carbon dioxide and water so that their total costs come to about 4/10 of a cent per ounce of finished product for raw materials.
- The bottler also purchases various types of containers, (each type of package must have parent company approval) into which he packages the finished product.

The material and package costs for the bottler, although varying somewhat due to container discounting are shown in chart on page 29.

vending machine pricing

As previously mentioned, vending machine sales are generally at full price. This is largely because the sale is often made to a captive audience, as in a plant cafeteria, gasoline station or the like. The operator can soon determine the pricing level that optimized his margin, consistent with his investment and servicing costs.

Consider two typical vending situations where cans are sold at 40 cents and 45 cents. 16 oz. PLSSG is sold at 45 and 50 cents (5 cents more); and 10 oz. PLSSG at 35 cents and 40 cents (5 cents less than cans). The margin over product and package costs are shown in chart on page 29.

The best percentage margins a bottler can achieve in these pricing situations are with 10 oz. PLSSG (218 to 264%). This package is also the lowest unit cost if the consumer is satisfied with 10 oz. of product. The second best bottler margins (192 to 225%) are made with 16 oz. PLSSG. This package also becomes the best customer buy per ounce, if the consumer wants as much as 16 oz.

vending vs. supermarket

In the typical supermarket segment, pricing varies over wide ranges, because of couponing and other heavy discounting. Two-liter pricing ranges at a retail from 89 cents to $1.39; or 1.317 cents per oz. to 2.056 cents per ounce generating margins from 36.5% to 59.4%. 16 oz. PLSSG pricing ranges from $1.69 to $2.29, or 1.76 cents to 2.385 cents per oz., and generates margins from 82.9% to 148.0%. 12-oz. cans priced at from 99 cents to $1.99 per six-pack, or 1.38 cents to 2.764 cents per ounce; generate margins from 11.5% to 12.4%.

While margins are much lower in the supermarket sector of the business it represents about half of all packaged soft drink volume.

The parent companies tend to foster this sector, seeing it as an area for sustained growth in total volume.

Discounting, coupled with the poor product quality associated with 2-liter PET has tended to erode brand loyalty and has probably destroyed any hope of achieving satisfactory pricing levels in the 2-L family-size market. With any revival of the economy, six-pack can and bottle margins should generally improve in the supermarket sector.

Pre-labeled single-service glass bottles enjoying a combination of consumer preference and high margins in the vending machine market should ensure glass growth through this decade. It is expected that bottlers will continue to introduce new glass vending machines as well as to continue their machine conversion program.

Possible bottler and consumer acceptance of a .25-L, 10 oz. or 16 oz. wide mouth (43mm) glass bottle as a vending machine package could further accelerate the growth of sales in this market.

The major threat to the growth of glass in the vending market could come from the successful development of an economic plastic bottle in sizes between one-quarter and one-half liter, with adequate shelf life and taste protection qualities. If these criteria can be met, the consumer perception of safety in handling and disposal generally associated with plastic may be sufficient to tip the scales against glass. As of this time, such a plastic bottle does not exist in the marketplace.

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Kaiser sells can mfg. plants to National Can

OAKLAND, CA—Kaiser Aluminum & Chemical Corp. headquartered here, has decided to get out of the beverage can manufacturing business and instead concentrate on being a primary supplier of aluminum can stock, according to John Cashel, Kaiser's manager of corporate communications.

The company recently sold off the assets of two Kaiser Aluminum can plants and a lid-making facility to National Can Corp. of Chicago for an undisclosed sum. The two-piece aluminum can body manufacturing plants are located in Jacksonville, FL, and Houston, TX; the lid-making facility is in Wanatah, IN.

Kaiser is also currently in negotiations with the Continental Group of Stanford, CT, to sell off its two remaining can manufacturing plants, one in Union City, CA, the other in Edison, NJ, according to Cashel.

Estimated tea sales trends
(million lbs.)

	1977		1978		1979		1980		1981		1982	
	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.	Amount	Pct.
Iced Tea	107.64	67.7%	106.18	68.5%	105.26	68.4%	106.16	68.1%	105.06	67.3%	103.55	66.8%
Hot Tea	51.36	32.3	48.82	31.5	48.74	31.6	49.84	31.9	50.94	32.7	51.45	33.2
Total	**159.00**	**100.0%**	**154.00**	**100.0%**	**156.00**	**100.0%**	**156.00**	**100.0%**	**156.00**	**100.0%**	**155.00**	**100.0%**

Estimated wine consumption
(gallons per capita)

	1976	1977	Change	1978	Change	1979	Change	1980	Change	1981	Change	1982	Change
Domestic	1.459	1.510	3.5%	1.726	14.3%	1.742	0.9%	1.806	3.7%	1.847	2.3%	1.821	(1.4)%
Imported	0.273	0.313	14.7	0.421	34.5	0.408	(3.1)	0.449	10.0	0.493	9.8	0.525	6.5
Total	**1.732**	**1.823**	**5.3%**	**2.147**	**17.8%**	**2.150**	**0.1%**	**2.255**	**4.9%**	**2.340**	**3.8%**	**2.346**	**0.3%**

U.S. Liquid consumption trends
(gallons per capita)

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Soft Drinks	19.1	20.3	22.3	23.5	24.8	25.9	27.0	28.6	30.1	31.5	31.4	31.0	33.7	35.9	37.1	38.1	38.8	39.5	40.1
Coffee*	38.8	37.8	37.4	37.0	37.0	36.2	35.7	35.3	35.2	35.1	33.8	33.0	29.4	28.0	27.0	27.7	26.8	26.7	26.4
Beer	15.9	15.9	16.5	16.8	17.3	17.8	18.5	19.2	19.7	20.5	21.3	21.6	21.8	22.5	23.1	23.8	24.3	24.6	24.4
Milk	25.9	26.0	25.9	25.3	25.6	25.3	23.1	23.0	23.1	22.7	22.0	22.3	22.1	21.9	21.6	21.4	20.9	20.6	20.5
Juices	3.5	3.8	4.0	4.8	4.7	4.8	5.2	5.7	6.1	6.1	6.2	6.9	6.9	6.9	6.6	6.7	6.9	6.7	6.6
Tea	4.8	4.9	5.2	5.1	5.3	5.2	5.5	5.8	5.9	6.3	6.2	6.2	6.4	6.9	6.7	6.6	6.6	6.5	6.3
Powdered Drinks	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	4.8	5.5	5.9	6.1	6.0	6.0	6.0	6.0
Wine	1.0	1.0	1.0	1.0	1.1	1.2	1.3	1.5	1.6	1.7	1.7	1.7	1.7	1.8	2.1	2.2	2.3	2.3	2.3
Bottled Water	NA	NA	NA	NA	NA	NA	NA	1.1	NA	NA	NA	1.2	1.2	1.3	1.4	1.5	1.6	1.9	2.2
Distilled Spirits	1.4	1.5	1.6	1.6	1.7	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.9
Subtotal	110.4	111.2	113.9	115.1	117.5	118.2	118.1	122.1	123.6	125.8	124.6	130.7	130.7	133.1	133.7	136.0	136.2	137.0	136.7
Inputed Water Consumption+	72.1	71.3	68.6	67.4	65.0	64.3	64.4	60.4	58.9	57.6	57.9	51.8	51.8	49.4	48.8	46.5	46.3	45.5	45.8
Total	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5	182.5

* Coffee data is based on a three-year moving average to counterbalance inventory swings, thereby portraying consumption more realistically.
+Includes all others.
R=Revised.
NA=Not available.

Sources: USDA; DSI; USBA; ABWA; LBKL Research estimates.

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Consumption

(Continued from page 1)
will continue to be the leading growth area in the market. *(See **BI**, April 22.)*

The diet segment is approaching 15% of the market and new caffeine-free brands are hitting the market.

Dr Pepper recently added a version of Pepper Free with sugar to go with its no-sugar version. Later this year, Coke is introducing caffeine-free brands. Others can't be far off. Consequently, the industry can expect some growth reflected in '83's figures, according to Maxwell.

Wine consumption *(see chart)*, relatively unchanged since 1980, experienced some shifts within the category. Despite the introduction of light and soft wines, as well as the expanding packaging mix, per capita consumption of domestic wines was off by 1.4%, according to Maxwell. Imported wines, on the other hand, increased for the third consecutive year, yet they still only constitute approximately 1/4 of all wine consumed.

A spokesman for the Wine Institute, a California trade association, declined comment on the decline of domestic wines, but disagreed with the figures.

Their figures showed that domestics were off .2% and California wines were up .1% California wines represent just under 70% of the domestic wine market.

Many are pointing to the invasion of European wines into the U.S. market as one of the major factors in the reduction of per capita consumption of domestic wines.

The beer industry is having similar problems. Total industry sales increased only .4%, but the per capita consumption dropped from 26.7 to 26.4 gallons, according to Maxwell.

Imports were one of the few growth areas for the beer market, but they only represent 3.1% of the market and are growing slowly. Light beers were another growth category for the year. They increased from 13.8% of the market to 17.4% in 1982. But other areas didn't do as well.

Furthermore, Maxwell predicted that '83 volume will also be flat because "the rate of increase in beer consumption has been slipping for years and demographics are also becoming rather adverse."

Per capita consumption of distilled spirits dropped from 2 to 1.9 gallons. It was the first change in per capita consumption since 1974, but this drop was no surprise since this is the third straight year volume has dropped. *(See **BI**, May 6.)*

In 1982, the industry was off 2% in volume. Maxwell attributed the decrease to the economy and lifestyle changes. In addition, Maxwell didn't foresee much improvement in the future.

He did note that premium brands continued to sell well as did the brands at the low end of the market.

"That's due to the economy. The rich get richer and

Safety devices for kegs introduced in CA

NORTHRIDGE, CA—Draft Systems' "TIP-UP" offers the first fully insured safety device available for American beer and wine keg dispensing systems.

An acronym for "Total Indemnity Paid-Up Permanently," the trademarked name refers to terms of the policy which provides up to 5 million dollars coverage per occurrence on damage to property, personnel or customers for the life of the "TIP-UP." The insurance becomes invalid only if the special insurance seal is broken or the unit is tampered with in any other way.

Attached on one end to the primary regulator and on the other to the keg, "TIP-UP" includes a frangible burst disc, transparent sight chamber, preset secondary regulator and back flow preventor.

"Draft Systems developed 'TIP-UP' because we saw a need for it in the industry," says Mert Fallon, president, at the company's headquarters here. "Almost every other country except the United States has stringent laws regarding keg dispensing safety. They either require a primary regulator, frangible disc and secondary regulator or two regulators in parallel so that no one failure can lead to a dangerous situation."

The "TIP-UP" is based on that principle. If it is properly installed and unaltered, massive failure on the primary and secondary regulators and frangible discs would have to occur instantaneously to cause any damage.

With this in mind, Draft Systems decided to explore the feasibility of insuring the unit as a feature to attract potential customers. They approached an insurance company that did major laboratory testing on the prototype of the "TIP-UP" and proclaimed it a good insurance risk.

The introduction of "TIP-UP" also coincided with two major developments in the draft industry.

California became the first state to mandate that frangible burst discs must be installed in every keg dispensing system. The law, passed last September, will be enforced and fines levied after January 1, 1984.

At the same time, vintners, such as Anheuser-Busch Wines, Inglenook and Paul Masson, began test marketing wine dispensed from kegs. The properties of the nitrogen necessary to run the wine through the system need two regulators to assure a steady flow of the wine. Because of this and the new California law requiring frangible burst discs, the wineries have included the "TIP-UP" in their specifications, giving them a fully insured dispensing system from the beginning.

insured

For $14, the cost of each unit, distributors are insured for any damage on the tank or caused by it," points out Bob Ross, Draft Systems' sales manager. "They also have the potential of lowering their individual disaster insurance rates because it gives them a separate policy for pressure-related damage from kegs."

Draft Systems lists each distributor who buys "TIP-UPs" as secondary insured on their master policy.

"TIP-UP" includes a series of safeguards that render the current beverage system fully fail-safe. Serving as a malfunction indicator, it monitors the system continuously. In the event of a failure in the system, the safety device forces a shut-down until restorative action is taken.

Its major components are Draft Systems' Kegard connected by a transparent sight chamber to the Keg Save: and a back flow preventer.

Kegard, the company's fail-safe pressure line rupture disc is a frangible burst disc designed to rupture between 75 and 85 PSI. If it fails at all, it will fail on the down, rather than the hazardous, side. Should it, or any other part of the "TIP-UP" fail, the unit must be replaced.

holes vent tank

Small holes located around the diameter of the circular Kegard have the capacity to vent the tank pressure at 10 times the rate it is coming out. This provides more than sufficient capability to exhaust all the CO_2 or nitrogen in the cylinder.

One significant aspect that sets Kegard apart from similar safety devices is that it is not a mechanical unit and has no spring or moving parts which have more potential of breaking down.

The Keg Saver, a preset secondary regulator, was designed to protect the product from over-pressurization due to primary regulator failure or tampering by unqualified personnel.

simplicity

The "TIP-UP" is representative of Fallon's major philosophy of simplicity in design which is applied to all Draft Systems products. "The fewer moving parts the less things can go wrong," he says. "For example, we avoid threaded equipment because it can be cross-threaded."

Fallon is also a firm believer in the principle that the fewer component parts a machine has, the easier it is to use, maintain and understand, both for the operator and draft installation person. All Draft Systems products were designed to be installed or dismantled effortlessly with the usual wrenches and other implements a draft salesperson carries.

Consequently, the "TIP-UP" can easily be inserted into any existing beer keg system with no special tools necessary.

● For more information on **Draft Systems "TIP-UP,"** circle no. 136 on reader service card.

Rutgers to hold 4 packaging seminars in NJ

PISCATAWAY, NJ — The Ira S. Gottscho Packaging Information Center, a division of the Center for Packaging Engineering at Rutgers University, will be holding four packaging seminars this summer at the Busch Campus Center here: Wednesday, June 15, "Permeation and Leakage;" Thursday, June 16, "Evaluation of Closures;" Wednesday, July 20, "Introduction to Plastics Properties for Packaging Applications;" Thursday, July 21, "Evaluation of Plastic Containers."

Dr. Darrell R. Morrow and Dr. Mary A. Amini will be the faculty.

For more information, contact Ira. S. Gottscho Packaging Information Center, Rutgers-The State University of New Jersey, College of Engineering, P.O. Box 909, Piscataway, NJ 08854; 201/932-3044.

Consumption

(Continued from page 32)

the poor get poorer," Maxwell said.

The lack of growth in the wine category, as well as the decrease in per capita consumption of beer and distilled spirits reflect the current trend away from alcoholic beverages, according to Maxwell.

This trend was first pointed out a year ago by industry observers, who also predicted an increase in the growth of bottled water as consumers become more health conscious. The figures in the charts bear out these predictions. This is the sixth consecutive growth year for the bottled water industry and observers expect this trend to continue.

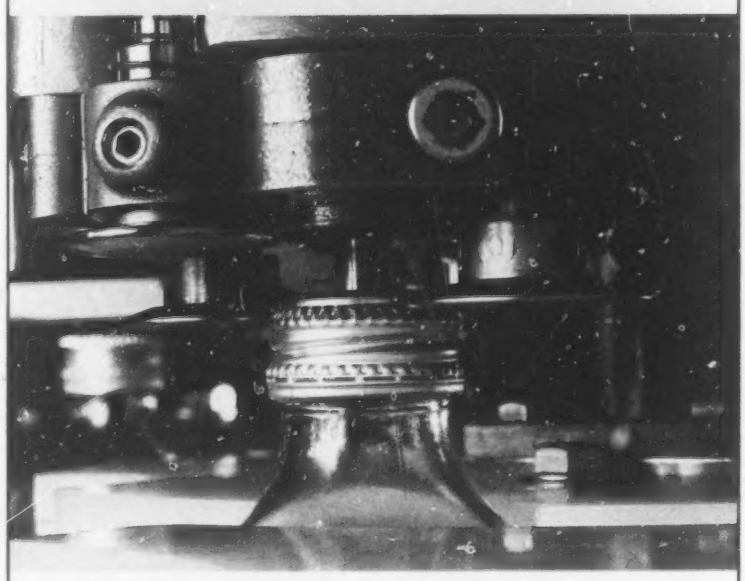
But it's not only alcoholic beverages that are having their problems. Coffee consumption continued to drop as it has every year since 1962, according to Maxwell. Per capita consumption dropped from 26.7 to 26.4 in 1982.

"We see no immediate signs of a turn in coffee consumption, although the rate of decrease is certainly abating," said Maxwell. The same can be said for tea, which dropped from 6.5 to 6.3 gallons per capita in 1982.

projections

Overall, Maxwell continues to project that it will be the cold and sweet drinks that will remain popular to the consumers. In addition, he believes lifestyle changes will continue to make alcoholic beverages less popular since people appear to be more health-oriented and concerned about what they consume.

ROLL-ON



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